

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA

IN RE: . Case No. 08-35653 (KRH)  
.  
.  
CIRCUIT CITY STORES . 701 East Broad Street  
INC., . Richmond, VA 23219  
.  
.  
Debtor. . October 7, 2009  
. . . . . 2:04 p.m.

TRANSCRIPT OF HEARING  
BEFORE HONORABLE KEVIN R. HUENNEKENS  
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtors: McGuireWoods LLP  
By: DOUGLAS FOLEY, ESQ.  
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McGuireWoods, LLP  
By: SARAH B. BOEHM, ESQ.  
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Skadden, Arps, Slate, Meagher &  
Flom, LLP  
By: JESSICA KUMAR, ESQ.  
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Chicago, IL 60606  
  
For the Creditors Tavenner & Beran PLC  
Committee: By: PAULA S. BERAN, ESQ.  
20 North Eighth Street  
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**APPEARANCES (Cont'd):**

For the Creditors  
Committee:

Pachulski, Stang, Ziehl & Jones LLP  
By: JEFFREY POMERANTZ, ESQ.  
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For Chase:

Kutak Rock LLP  
By: KIMBERLY A. PIERRO, ESQ.  
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Bank of America Center  
1111 East Main Street  
Richmond, VA 23219

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1 UNIDENTIFIED FEMALE SPEAKER: All rise. Court is now  
2 in session. Please be seated and come to order.

3 THE CLERK: In the matter of Circuit City Stores,  
4 Incorporated, hearing on items 1 through 20 as set out on  
5 debtors' agenda.

6 MR. FOLEY: Good afternoon, Your Honor, Doug Foley,  
7 of McGuireWoods on behalf of the debtors. With me today at  
8 counsel table is Sarah Boehm from McGuireWoods and Jessica  
9 Kumar from the law firm of Skadden Arps. Also here in the  
10 courtroom today is Michelle Moser, who is the Principle  
11 Financial Officer of the debtors.

12 THE COURT: All right.

13 MR. FOLEY: Your Honor, we have a relatively short  
14 agenda today, Your Honor. We'll just take them in order if  
15 that pleases the Court.

16 THE COURT: That's the Court's preference.

17 MR. FOLEY: The first matter, Your Honor, is our,  
18 again, our lease disposition motion. There is one outstanding  
19 item yet to be resolved and that's the objection of 444  
20 Connecticut Avenue to assumption or assignment of the lease and  
21 the cure amounts as relates to some attorneys fees that they're  
22 claiming with respect to the cure obligation. They've agreed  
23 to adjourn that request until the November 3rd hearing date, at  
24 which time we believe that matter will be going forward.

25 THE COURT: So that will go forward that day?

1 MR. FOLEY: We believe it will go forward that day,  
2 Your Honor.

3 THE COURT: All right, thank you.

4 MR. FOLEY: Your Honor, item number 2 is the  
5 application of Info Gain Corporation, for allowance and payment  
6 of administrative expense priority claim. We are in  
7 negotiations with them regarding a resolution of this matter.  
8 We have a resolution in principle as to the dollar amounts.  
9 We're evaluating whether or not the estate can give them a  
10 release with respect to Chapter 5 claims and we're evaluating  
11 potential preference exposure. Assuming we can get comfortable  
12 with that, we will coordinate with the committee to get their  
13 approval on a settlement and we hope that we'll be able to  
14 present terms of a settlement and take it off the docket on the  
15 October 15th hearing date, which is next week, Your Honor.

16 THE COURT: Okay.

17 MR. FOLEY: Your Honor, item number 3 is our  
18 objection to Panasonic Corporation's 503(b)(9) claim. Your  
19 Honor, this has to do with issues relating to physical delivery  
20 of the product. We are in negotiations with Panasonic with  
21 respect to the parameters of the objection and have agreed to  
22 give them until October 27th to file a response to the  
23 objection and we've agreed to, at their request, to adjourn the  
24 matter until the November 3rd hearing date at 11, Your Honor.

25 THE COURT: Now, is that going to go forward that day

1 or is that expected to be resolved?

2 MR. FOLEY: It's unclear. We might be able to  
3 resolve that, but we're anticipating that it's probably going  
4 to have to go forward, Your Honor.

5 THE COURT: Okay.

6 MR. FOLEY: Your Honor, item number 4, this is our  
7 complaint against Sirius XM Radio with respect to collection of  
8 certain amounts that are owed to the estate. We recently, just  
9 a few days ago, received a significant settlement offer from XM  
10 Sirius, well into the seven figures, so we'd like an  
11 opportunity to evaluate that and formulate a response. So, we  
12 think it's probably premature at this point to set a scheduling  
13 order with respect to this matter because we might be able to  
14 resolve it before the November 3rd hearing date. So, we would  
15 ask that the pretrial conference be adjourned until that date,  
16 Your Honor.

17 THE COURT: That will be adjourned.

18 MR. FOLEY: Your Honor, item number 5, Ms. Pierro is  
19 here with respect to that. There's no opposition from the  
20 debtors with respect to that.

21 THE COURT: All right.

22 MS. PIERRO: Good afternoon, Your Honor, Kimberly  
23 Pierro here on behalf of Chase and we're here on our motion to  
24 file certain documents under seal. This is in connection to  
25 the response filed to the debtors' 31st omnibus objection to

1 claims where one of the supporting declarations included  
2 certain program and credit card agreements with the debtor and  
3 we ask that those two agreements, copies of which have been  
4 provided to debtors' counsel, the trustee and the Court, be  
5 filed under seal, if used at the hearing, and generally  
6 speaking they were not included in the public filing. So, we  
7 would ask the Court to grant our motion to allow those  
8 documents to be kept under seal.

9 THE COURT: And then with regard to the availability  
10 of the documents to the debtor and the Office of the Trustee,  
11 is there a protective order that has been arranged, or is that  
12 just by agreement of counsel?

13 MS. PIERRO: No protective order has been arranged at  
14 this time and I have not received any questions from either the  
15 debtor or the Trustee's Office, as to either the documents or  
16 entering into any kind of particular order.

17 THE COURT: And have the documents been shared with  
18 the committee?

19 MS. PIERRO: I don't think that they have. We can  
20 certainly make that available.

21 MR. POMERANTZ: Yes, Your Honor, this is Jeff  
22 Pomerantz. I was just going to mention that. I don't believe  
23 received a copy of the documents and we would like to receive  
24 them as well.

25 THE COURT: I'm sorry, who is that on the phone?

1 MR. POMERANTZ: It's Jeff Pomerantz from Pachulski,  
2 Stang, counsel to the Creditors' Committee.

3 THE COURT: I'm sorry, Mr. Pomerantz, I just didn't  
4 hear you introduce yourself at the beginning. All right. And  
5 so the Creditors' Committee would like to receive copies of  
6 these documents?

7 MR. POMERANTZ: Yes, we would.

8 THE COURT: Okay, very good.

9 MS. PIERRO: And we would just like that to be under  
10 some sort of protective order agreement with the committee if  
11 that's --

12 THE COURT: Well, I'll leave it up to counsel how you  
13 want to do that. I was just curious because I hadn't seen a  
14 protective order. But I will allow you -- grant your motion to  
15 file the documents under seal. I will require that you provide  
16 a copy to counsel for the Creditors' Committee, pursuant to  
17 either agreement of counsel or appropriate protective order.

18 MS. PIERRO: Thank you.

19 MR. FOLEY: Your Honor, item number 6 on the agenda  
20 and on the last item, Your Honor, there certainly is an  
21 agreement among counsel to keep the documents uncirculated.

22 THE COURT: All right. And I assumed as much. I just  
23 was curious because I had not seen any formal order to that  
24 effect.

25 MR. FOLEY: Your Honor, item number 6 is our second

1 motion with respect to 502(c) and Rule 3018, to temporarily  
2 allow certain personal injury tort wrongful death claims for  
3 voting purposes at the amount of zero. These were five claims  
4 that we failed to include in our initial motion that was on for  
5 hearing at the last hearing. We filed this before the last  
6 hearing, such that we were able to send out ballots that  
7 conformed to the relief that we're seeking in this motion.

8           Your Honor, there's been no response, there was a  
9 total of claim five claims. The total dollar value of the  
10 claims, as filed, is 9.75 million and to the extent any parties  
11 seek to file a voting motion, Your Honor, we'll obviously  
12 coordinate and work with those parties to see if we can't  
13 consensually resolve that before the confirmation hearing. But  
14 we would ask the Court to grant the relief, there's been no  
15 response.

16           THE COURT: All right. Does any party wish to be  
17 heard in connection with the debtors' motion?

18                           (No audible response)

19           THE COURT: All right. That motion will be granted.

20           MR. FOLEY: Thank you, Your Honor. Ms. Boehm from my  
21 firm will address items number 7 through 17 on the docket and  
22 Ms. Beran will address the balance of the items on the agenda,  
23 Your Honor.

24           THE COURT: All right. Thank you, Mr. Foley.

25           MS. BOEHM: Good afternoon, Your Honor.



1 THE COURT: Afternoon, Ms. Boehm.

2 MS. BOEHM: Sarah Boehm from McGuireWoods on behalf  
3 of the debtors. Item number 7 on the agenda is the debtors'  
4 37th omnibus objection to claims, which was the reduction of  
5 certain personal property tax claims.

6 This objection included 120 claims that were docketed  
7 in an approximate amount of \$4.6 million. These were claims  
8 filed by taxing authorities for 2009 personal property taxes on  
9 personal property at the various store locations. And we  
10 received numerous responses to this objection, most of which  
11 were attached to Exhibit A. We have received some additional  
12 responses to that and we would ask the Court at this status  
13 hearing to order the claims reduced in the amount set forth on  
14 the exhibits as they were filed and to the extent that a  
15 response has been received, we would ask the Court to adjourn  
16 that for further status hearing to December 7th.

17 THE COURT: And, those are the matters, respondents  
18 that are listed on Exhibit A?

19 MS. BOEHM: Those include Exhibit A and there's also,  
20 I believe, two more that we've received since that was  
21 published, so we will add those to the adjourned exhibit as  
22 well.

23 THE COURT: All right. Those will be adjourned.

24 MS. BOEHM: Thank you. And, we will submit orders,  
25 one order with the two separate exhibits. One ordering those

1 for non-responders and one adjourning those for who responded.

2 Items 8 through 17, on the agenda related to the fee  
3 applications filed by the various debtors' professionals. The  
4 bulk of those are for the third interim applications for  
5 Skadden Arps, McGuireWoods, Kirkland & Ellis, FTI, KPMG, Ernst  
6 & Young and DJM Realty.

7 I have an exhibit, Your Honor, that summarizes the  
8 fees requested by all the debtors' professionals that I could  
9 hand up.

10 THE COURT: You may.

11 MS. BOEHM: And I left a copy for counsel. In  
12 addition to those third interim fee applications that I just  
13 mentioned, we also filed the first interim fee application for  
14 Stream Bank, who was an IP consultant that was retained, I  
15 believe, in April, and then two interim applications on behalf  
16 of the Consumer Privacy ombudsman, that was retained in  
17 connection with the -- or who was appointed in connection with  
18 the IP sales. She had set hers up one application per report  
19 that she prepared and the work done in conjunction to those, so  
20 that they could be separated out for ease of reviewing.

21 We did not receive any formal or informal objections  
22 to any of the fee applications that we filed and we would ask  
23 the Court to enter those on an interim basis, and we would  
24 submit separate orders for each of those professionals.

25 THE COURT: All right. Does any party wish to be

1 heard in connection with the applications for compensation of  
2 Skadden Arps, McGuireWoods, Kirkland & Ellis, FTI Consulting,  
3 KPMG, Ernst & Young, DJM Realty Services, Stream Bank, or the  
4 Consumer Privacy ombudsman?

5 (No audible response)

6 THE COURT: All right. The Court has reviewed each  
7 of these applications and has found them to be entirely in  
8 order and there being no objection to any of the requested fees  
9 or expenses, the Court will approve the applications and please  
10 submit a consent order -- separate consent -- separate order,  
11 rather, in connection with each one of those applications.

12 MS. BOEHM: Thank you, Your Honor.

13 MS. BERAN: Good afternoon, Your Honor. For the  
14 record, Paula Beran, of the law firm of Tavenner & Beran and as  
15 local counsel to the Official Committee of Unsecured Creditors.

16 As indicated by debtors' counsel, the last three  
17 remaining items on Your Honor's docket this afternoon are --

18 THE COURT: These are the contested matters?

19 MS. BERAN: Yes, Your Honor. In all sincerity, Your  
20 Honor, they are the three applications of professionals for the  
21 committee, specifically the law firm of Pachulski, Stang, Ziehl  
22 & Jones, my law firm, Tavenner & Beran, and the financial  
23 advising firm of Protivity, Inc.

24 In connection with these three applications,  
25 Pachulski, Stang seeks compensation in the amount of \$356,558

1 and expense reimbursement in the amount of \$10,056.26.  
2 Tavenner & Beran seeks compensation in the amount of \$36,529  
3 and expense reimbursement in the amount of \$583.10. And,  
4 finally, Your Honor, the firm of Protivity, Inc., seeks  
5 compensation in the amount of \$452 -- excuse me, \$452,355 and  
6 expense reimbursement in the amount of \$1,192.01.

7 In connection with these three applications, Your  
8 Honor, notice was sent to all requisite parties. To date,  
9 there have been no objections received. To the extent Your  
10 Honor has any questions about any of the three applications,  
11 Mr. Pomerantz is on the phone to answer any questions as it  
12 relates to Pachulski's application; Mr. Smith is here as it  
13 relates to Protivity's application and I, myself, Paula Beran,  
14 can answer anything as it relate to Tavenner & Beran.

15 THE COURT: All right, very good. Does any party  
16 wish to be heard in connection with the applications for  
17 compensation of Pachulski, Tavenner & Beran or Protivity?

18 (No audible response)

19 THE COURT: All right. Ms. Beran, the Court has  
20 reviewed these applications as well and has also found these  
21 applications also to be entirely in order. There being no  
22 objection to the applications, the Court will approve them and  
23 I will ask you to submit a separate order as to each of them.

24 MS. BERAN: Thank you, Your Honor, we will.

25 THE COURT: All right.

1 MR. FOLEY: Your Honor, I believe that concludes the  
2 matters on the agenda for today. I can only hope that next  
3 week's hearings will be just as brief, but I doubt it.

4 THE COURT: Okay. Very good. Thank you.

5 MR. FOLEY; Thank you, Your Honor.

6 THE CLERK: All rise. Court is now in recess.

7 \* \* \* \* \*

8 C E R T I F I C A T I O N

9  
10 I, ELAINE HOWELL, court approved transcriber, certify that  
11 the foregoing is a correct transcript from the official  
12 electronic sound recording of the proceedings in the  
13 above-entitled matter and to the best of my ability.

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16  
17 /s/ Elaine Howell Date: October 23, 2009

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